

DELAWARE PUBLIC SERVICE COMMISSION
DOCKET 06-241
PUBLIC COMMENT
Monday, August 21, 2006

Art:

As a follow up to the Friday, August 18, 2006 RFP workshop, please see the response to your three questions. These questions/issues were also addressed at the workshop and as requested, I am also providing this written response for your files.

1. Why is the RFP limited to incremental generation, i.e., why didn't DPL solicit a long-term purchased power agreement from existing resources?

A: Refer to legislation; Section 6 (d) of the legislation that amends Section 1007, Title 26 of the Delaware Code - a proposed form of requests for proposal (RFP) for construction of new generation resources within Delaware (underline added for emphasis). Our understanding of the intent and the language in the legislation is that the increase in net generation capacity is suppose to be within the state of Delaware to enhance reliability and to mitigate congestion exposure. The RFP is structured to be in compliance with the legislation.

2. Why is DPL only considering purchased power agreements? Has DPL considered acquiring generating capacity itself to be used to serve SOS?

A: Per the legislation, Section 6 (d), the RFP is to result in a power purchase agreement if a bidder is ultimately selected to be a source of supply upon review of alternatives in the Company's Integrated Resource Plan (IRP). The Company may look at owned generation but it would do so as an alternative in the IRP not as part of the RFP.

3. Why did DPL limit its RFP to assets located in Delaware? Did DPL undertake any studies to see if it might be economically viable to acquire generation located in another state?

A: Again, refer to the legislation - new generation resources within Delaware.

Thanks, Bill

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